



RICK SNYDER  
GOVERNOR

STATE OF MICHIGAN  
DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS  
MICHIGAN ADMINISTRATIVE HEARING SYSTEM  
Christopher Seppanen  
Executive Director

SHELLY EDGERTON  
DIRECTOR

[REDACTED]  
[REDACTED]  
[REDACTED]

Date Mailed: April 26, 2017  
MAHS Docket No.: 17-003929  
Agency No.: [REDACTED]  
Petitioner: [REDACTED]

**ADMINISTRATIVE LAW JUDGE: Lynn M. Ferris**

### **HEARING DECISION**

Following Petitioner's request for a hearing, this matter is before the undersigned Administrative Law Judge pursuant to MCL 400.9 and 400.37; 7 CFR 273.15 to 273.18; 42 CFR 431.200 to 431.250; 45 CFR 99.1 to 99.33; and 45 CFR 205.10; and Mich Admin Code, R 792.11002. After due notice, a telephone hearing was held on [REDACTED] [REDACTED] from Detroit, Michigan. The Petitioner was represented by himself. The Department of Health and Human Services (Department) was represented by [REDACTED] [REDACTED] Hearing Facilitator.

### **ISSUE**

Did the Department properly determine the Petitioner Food Assistance Program (FAP) benefits?

### **FINDINGS OF FACT**

The Administrative Law Judge, based on the competent, material, and substantial evidence on the whole record, finds as material fact:

1. The Petitioner was an ongoing FAP recipient.
2. The Department changed the Petitioner's medical expense deduction of \$ [REDACTED] after it determined that it was no longer accurate as it related to an old medical bill and was not updated.
3. The Department recalculated the Petitioner's FAP benefits for [REDACTED] and after removal of the old medical expense, reduced the Petitioner's FAP benefits to \$ [REDACTED] a month. [Exhibits A and C]

4. On [REDACTED] the Department issued a Notice of Case Action decreasing the Petitioner's FAP benefits to \$ [REDACTED] a month, effective [REDACTED]. [Exhibit A]
5. The Petitioner receives RSDI in \$ [REDACTED] and is a group size of one, pays rent of \$ [REDACTED] and received a heat and utility (h/u) deduction of \$ [REDACTED] [Exhibits A and C]
6. The Petitioner requested a timely hearing on [REDACTED].

### **CONCLUSIONS OF LAW**

Department policies are contained in the Department of Health and Human Services Bridges Administrative Manual (BAM), Department of Health and Human Services Bridges Eligibility Manual (BEM), Department of Health and Human Services Reference Tables Manual (RFT), and Department of Health and Human Services Emergency Relief Manual (ERM).

The Food Assistance Program (FAP) [formerly known as the Food Stamp program] is established by the Food and Nutrition Act of 2008, as amended, 7 USC 2011 to 2036a and is implemented by the federal regulations contained in 7 CFR 273. The Department (formerly known as the Department of Human Services) administers FAP pursuant to MCL 400.10, the Social Welfare Act, MCL 400.1-.119b, and Mich Admin Code, R 400.3001-.3011.

In this case, the Department recalculated the Petitioner's FAP after a review of Petitioner's medical expense deduction. During the review, the Department determined that the Department was improperly including an old medical expense of \$ [REDACTED] monthly, which was incorrect. The Department's new budget was presented at the hearing, and information in the budget for [REDACTED] regarding group income of \$ [REDACTED] group size (1), housing expense of \$ [REDACTED] a h/u allowance of \$ [REDACTED] were correct. The Department did not correct the medical expense until April 2017 based upon the Notice of Case Action issued [REDACTED], effective [REDACTED]. Based upon a review of the FAP budget provided by the Department, it is determined that the benefits as calculated are correct.

All countable earned and unearned income available to the client must be considered in determining the Petitioner's eligibility for program benefits. BEM 500 (July 2016), pp. 1-4. The Department considers the gross amount of money earned or received from RSDI Social Security income due to disability. BEM 503 (July 2016), pp. 31-32.

Groups with one or more SDV members are eligible for the following deductions to income:

- Dependent care expense.
- Excess shelter.
- Court ordered child support and arrearages paid to non-household members.
- Medical expenses for the SDV member(s) that exceed \$35.
- Standard deduction based on group size.

- An earned income deduction equal to 20% of any earned income.

BEM 554 (October 2016), p. 7; BEM 556 (July 2013), p. 3.

The Department used unearned income of \$ [REDACTED] which was confirmed by Petitioner as correct. The Petitioner is disabled and receives RSDI. The Department also correctly reduced the income by \$ [REDACTED] which is the standard deduction for a group size of one resulting in adjusted gross income of \$ [REDACTED] RFT 255, (October 2014), p. 1.

The Petitioner also received an excess shelter deduction of \$ [REDACTED]. This is calculated by adding the shelter expenses of \$ [REDACTED] rent and \$ [REDACTED] h/u allowance together to get total housing expense. ( $\$ [REDACTED] + \$ [REDACTED] = \$ [REDACTED]$  [Exhibit C] The h/u allowance is found in BEM 554, p. 16-19. The next step is to deduct one half of the Adjusted Gross Income (AGI) of \$ [REDACTED] ( $\$ [REDACTED] \div 2 = \$ [REDACTED]$  from the total shelter expenses of \$ [REDACTED] which results in the excess shelter deduction. ( $\$ [REDACTED] - \$ [REDACTED] = \$ [REDACTED]$  BEM 556, pp. 4-5. The final step is to determine Net Income, which is determined by subtracting the excess shelter expense of \$ [REDACTED] from the AGI of \$ [REDACTED] resulting in net income of \$ [REDACTED] Based upon a net income of \$ [REDACTED] and a group size of one, the Department correctly determined that Petitioner is eligible for \$ [REDACTED] in FAP benefits. RFT 260 (October 2016).

However, the Department also presented medical bills submitted by the Petitioner to the Department which must be reviewed to determine whether the medical expenses are eligible and exceed \$ [REDACTED]

The [REDACTED] [REDACTED] budget contained no medical deduction for medical expenses. [Exhibit A] The Department's records demonstrated that bills were submitted by Petitioner on [REDACTED], for \$ [REDACTED] for services [REDACTED], and [REDACTED] [REDACTED] and submitted on [REDACTED], for \$ [REDACTED] for services [REDACTED], and [REDACTED]. [Exhibit E]

BEM 554 provides that when budgeting expenses:

Expenses are used from the same calendar month as the month for which benefits are being determined.

**Example:** June expenses are used to determine June's benefits. BEM 554 January 1, 2017, p. 3

Based upon the medical expenses submitted by Petitioner, the bills had to be applied to [REDACTED] and [REDACTED] for the [REDACTED], medical bill submission and applied as an expense in the months of [REDACTED] and [REDACTED] for the [REDACTED], submission. Given the fact that the Department did not correct the FAP budget until [REDACTED], neither of these bill submissions would apply to [REDACTED] as a medical expense deduction as the expenses are not expenses for [REDACTED].

In addition, eligible medical expenses must exceed \$ [REDACTED] in order to qualify for a medical expense deduction. BEM 554 provides:

Bridges uses certain expenses to determine net income for FAP eligibility and benefit levels.

- For groups **with** one or more SDV member, Bridges uses the following; see Bridges Eligibility Manual (BEM) 550:
  - Dependent care expense.
  - Excess shelter.
  - Court ordered child support and arrearages paid to non-household members.
  - **Medical expenses for the SDV member(s) that exceed \$35.** BEM 554 January 1, 2017), p. 1


The Petitioner also submitted two faxes to MAHS on [REDACTED], that were not received by the Department. The faxes contained medical bills for [REDACTED] and also noted services for [REDACTED] without any bills attached. The submissions were not relevant as they were for prior FAP benefit months where the Petitioner's FAP benefits had not been reduced.

### **DECISION AND ORDER**

The Administrative Law Judge, based on the above Findings of Fact and Conclusions of Law, and for the reasons stated on the record, if any, finds that the Department acted in accordance with Department policy when it reduced the Petitioner's FAP benefits and removed the medical expense deduction of \$ [REDACTED] which was no longer correct.

Accordingly, the Department's decision is **AFFIRMED**.

LMF/jaf



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**Lynn M. Ferris**  
Administrative Law Judge  
for Nick Lyon, Director  
Department of Health and Human Services

**NOTICE OF APPEAL:** A party may appeal this Order in circuit court within 30 days of the receipt date. A copy of the circuit court appeal must be filed with the Michigan Administrative Hearing System (MAHS).

A party may request a rehearing or reconsideration of this Order if the request is received by MAHS within 30 days of the date the Order was issued. The party requesting a rehearing or reconsideration must provide the specific reasons for the request. MAHS will not review any response to a request for rehearing/reconsideration.

A written request may be mailed or faxed to MAHS. If submitted by fax, the written request must be faxed to (517) 335-6088; Attention: MAHS Rehearing/Reconsideration Request.

If submitted by mail, the written request must be addressed as follows:

Michigan Administrative Hearings  
Reconsideration/Rehearing Request  
P.O. Box 30639  
Lansing, Michigan 48909-8139

**Petitioner**

[REDACTED]  
[REDACTED]  
[REDACTED]

**DHHS**

[REDACTED]  
  
[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]